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If you have sold or transferred all your securities in CCT Telecom Holdings Limited, you should at once hand this circular to the purchaser(s), the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

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(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

**MAJOR TRANSACTION
ACQUISITION OF PROPERTIES**

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Acquisition”	acquisition of the Properties by the Purchasers from the Vendor pursuant to the terms and conditions of the Provisional S&P Agreement or the Formal Agreement(s) (if applicable);
“Announcements”	the announcements dated 17 October 2012 and 23 November 2012 made by the Company in respect of the Acquisition which constitutes a major transaction of the Company;
“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	board of the Directors;
“Capital Force”	Capital Force International Limited, a company incorporated in the British Virgin Islands with limited liability, the shareholding in which is wholly-owned by Mr. Mak, his spouse and his two sons;
“Capital Winner”	Capital Winner Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the shareholding in which is wholly-owned by Mr. Mak, his spouse and his two sons;
“CCT Tech”	CCT Tech International Limited, an exempted company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange and a non wholly-owned subsidiary of the Company;
“Company”	CCT Telecom Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability and whose Shares are listed on the main board of the Stock Exchange;
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Provisional S&P Agreement or the Formal Agreement(s) (if applicable);
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company from time to time;

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“First Purchase Price”	has the meaning given to it under the sub-section headed “Purchase Prices” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“First Shop”	has the meaning given to it under the sub-section headed “The Properties” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“Formal Agreement(s)”	the formal sale and purchase agreement that may be entered into between the Vendor and Goldbay Capital in relation to the sale and purchase of the Properties, which will incorporate the terms and conditions contained in the Provisional S&P Agreement and any other terms mutually agreed to by the Vendor and Goldbay Capital and which, when entered into, will supersede the Provisional S&P Agreement;
“Fourth Purchase Price”	has the meaning given to it under the sub-section headed “Purchase Prices” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“Fourth Shop”	has the meaning given to it under the sub-section headed “The Properties” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“FTO”	FTO CPA Limited, Certified Public Accountants;
“Further Deposit”	has the meaning given to it under the sub-section headed “Terms of Payments” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“Goldbay Capital”	Goldbay Capital Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which will take up the First Shop, in accordance with the terms of the Provisional S&P Agreement;
“Goldbay Development”	Goldbay Development Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which will take up the Third Shop in accordance with the terms of the Provisional S&P Agreement;

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“Goldbay Property”	Goldbay Property (HK) Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which will take up the Second Shop in accordance with the terms of the Provisional S&P Agreement;
“Goldbay Strategy”	Goldbay Strategy Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which will take up the Fourth Shop in accordance with the terms of the Provisional S&P Agreement;
“Grant Sherman”	Grant Sherman Appraisal Limited, an independent professional valuer;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Initial Deposit”	has the meaning given to it under the sub-section headed “Terms of Payments” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“Latest Practicable Date”	21 December 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Mak”	Mr. Mak Shiu Tong, Clement, the chairman, the chief executive officer and an executive director of the Company;
“New Capital”	New Capital Industrial Limited, a company incorporated in the British Virgin Islands with limited liability, the shareholding in which is wholly-owned by Mr. Mak, his spouse and his two sons;
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules;
“Properties”	comprising the First Shop, the Second Shop, the Third Shop and the Fourth Shop of the Properties;

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“Provisional S&P Agreement”	provisional sale and purchase agreement dated 17 October 2012 entered into between Goldbay Capital and the Vendor in relation to the sale and purchase of the Properties;
“Purchase Prices”	the total of the First Purchase Price, the Second Purchase Price, the Third Purchase Price and the Fourth Purchase Price in the aggregate amount of HK\$228,000,000 payable for the acquisition of the Properties by the Purchasers;
“Purchasers”	Goldbay Capital, Goldbay Property, Goldbay Development, and Goldbay Strategy, which are indirect wholly-owned subsidiaries of the Company and which will take up from the Vendor the First Shop, the Second Shop, the Third Shop and the Fourth Shop respectively;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Second Purchase Price”	has the meaning given to it under the sub-section headed “Purchase Prices” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“Second Shop”	has the meaning given to it under the sub-section headed “The Properties” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Soho”	the district located at south of Hollywood Road, Central, Hong Kong;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Third Purchase Price”	has the meaning given to it under the sub-section headed “Purchase Prices” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;

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“Third Shop”	has the meaning given to it under the sub-section headed “The Properties” under the section headed “The Agreement and the Acquisition” in the “Letter from the Board” of this circular;
“Vendor”	Fine Mean Limited, a company incorporated in Hong Kong with limited liability; and
“%”	per cent.

LETTER FROM THE BOARD



(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

Executive Directors:

Mak Shiu Tong, Clement
Tam Ngai Hung, Terry
Cheng Yuk Ching, Flora
William Donald Putt

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Independent non-executive Directors:

Tam King Ching, Kenny
Lau Ho Man, Edward
Chen Li

*Head office and principal place
of business in Hong Kong:*

31/F., Fortis Tower
77–79 Gloucester Road
Hong Kong

27 December 2012

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ACQUISITION OF PROPERTIES

INTRODUCTION

Reference is made to the Announcements dated 17 October 2012 and 23 November 2012 in relation to the acquisition of the Properties by the Purchasers from the Vendor for the Purchase Prices of HK\$228,000,000 in aggregate.

In respect of the Acquisition, the applicable percentage ratios, calculated by reference to Rule 14.07 of the Listing Rules, are 25% or more but less than 100%. Accordingly, the Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written approval for the Acquisition in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Mr. Mak, Capital Force, New Capital and Capital Winner, which together are beneficially interested in an aggregate of 303,250,731 Shares, representing approximately 50.03% of the entire issued capital of the Company as at the date of the announcement dated 17 October 2012 and the Latest Practicable Date. Furthermore, no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Acquisition. On the basis that

LETTER FROM THE BOARD

(i) no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Acquisition; and (ii) the written approval of Mr. Mak, Capital Force, New Capital and Capital Winner for the Acquisition as mentioned above has been obtained, no special general meeting will be convened for the purpose of approving the Acquisition as permitted under Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with further information regarding the Acquisition.

THE AGREEMENT AND THE ACQUISITION

Provisional S&P Agreement:

Date: 17 October 2012

Parties: (i) Purchaser: Goldbay Capital Limited, which is an indirect wholly-owned subsidiary of the Company

(ii) Vendor: Fine Mean Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The Formal Agreement(s) and the Sale and Purchase of the Properties:

Pursuant to the Provisional S&P Agreement, the Vendor will sell and Goldbay Capital will purchase the Properties upon the terms contained therein. According to the Provisional S&P Agreement, Goldbay Capital is entitled to transfer the benefit of the Provisional S&P Agreement to the Company or its direct or indirect subsidiary by way of internal transfer. As disclosed in the Company's announcement dated 23 November 2012, the Board considers that the holding of the four shops and the related structure comprising the Properties amongst the four Purchasers will facilitate future management of the Properties and the investment. As such, the Board has decided that Goldbay Capital, Goldbay Property, Goldbay Development and Goldbay Strategy will take up the First Shop, the Second Shop, the Third Shop and the Fourth Shop respectively, in accordance with the terms of the Provisional S&P Agreement. Formal Agreement(s) (if applicable) will be prepared by the solicitors to reflect the acquisition structures. If no Formal Agreement(s) is executed, the Acquisition will be completed in accordance with the terms of the Provisional S&P Agreement and assignment will be executed so that the ownership of each of the four shops and the related structure will be taken by each of the Purchasers stated above.

The Properties are sold to the Purchasers in a bare shell condition and on an "as is" basis.

LETTER FROM THE BOARD

The Properties:

The description of the Properties is (i) Shop A on Ground Floor (together with part of the Ground Floor pavement adjoining thereto and the A/C platform on Second Floor) of Gramercy Hong Kong (the “**First Shop**”), with a gross floor area of approximately 3,225 square feet, (ii) Shop B on Ground Floor (together with part of the Ground Floor pavement adjoining thereto and the A/C platform on First Floor) of Gramercy Hong Kong (the “**Second Shop**”), with a gross floor area of approximately 1,418 square feet, (iii) Shop A on First Floor (together with A/C platform on Second Floor, the lift lobby on Ground Floor and part of the Ground Floor pavement adjoining thereto, the lift and ancillary lift installation, the lift shaft and the lift landing) of Gramercy Hong Kong (the “**Third Shop**”), with a gross floor area of approximately 3,756 square feet, and (iv) Shop B on First Floor (with A/C platform), of Gramercy Hong Kong (the “**Fourth Shop**”), with a gross floor area of approximately 1,279 square feet. The Properties have total gross floor area of approximately 9,678 square feet in aggregate.

The development where the Properties situated is a newly constructed composite building comprising multi-storey residential building and a 2-storey shopping space located at 38 Caine Road, Mid-Level, Hong Kong. The building is adjacent to Soho district and the Central-Mid-Levels escalator. The occupation permit of the building has already been issued in September 2012.

A valuation of the Properties has been carried out by Grant Sherman, which valued the market value of the Properties at HK\$230,000,000 as at 17 October 2012. The valuation report of the Properties performed by Grant Sherman is set out in Appendix III to this circular.

According to information from the Vendor, the Properties were under construction during the last 3 preceding financial years. As such, no rental income has been derived. The construction of the Properties was only completed recently. As such, neither the profit and loss statement nor the valuation for the 3 preceding financial years on the identifiable net income stream and valuation in relation to the Properties are available.

Purchase Prices:

The total purchase prices for the Properties are HK\$228,000,000, payable in cash. The Purchase Prices are allocated to the Purchasers as follows:

- (a) Goldbay Capital will take up the First Shop at the purchase price of HK\$127,900,000 (the “**First Purchase Price**”);
- (b) Goldbay Property will take up the Second Shop at the purchase price of HK\$56,200,000 (the “**Second Purchase Price**”);
- (c) Goldbay Development will take up the Third Shop at the purchase price of HK\$33,600,000 (the “**Third Purchase Price**”); and
- (d) Goldbay Strategy will take up the Fourth Shop at the purchase price of HK\$10,300,000 (the “**Fourth Purchase Price**”).

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The Purchase Prices were determined after arm's length negotiation by reference to: (i) the prevailing market price of retail shops of the nearby areas; and (ii) the market value of the Properties as at 17 October 2012 appraised by Grant Sherman. It is estimated that the Purchase Prices together with stamp duty, property agent commission, registration fee, legal costs and printing and mailing costs of the circular will put the total costs of the Properties at approximately HK\$239,000,000.

The Purchase Prices represent a discount of approximately 0.9% to the total market value of HK\$230,000,000 of the Properties as at 17 October 2012 as valued by Grant Sherman. The slight discount is considered to be reasonable and acceptable.

The Directors (including the independent non-executive Directors) believe that the Purchase Prices are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Terms of Payments:

- (a) an initial deposit of HK\$11,400,000 (the “**Initial Deposit**”) has been paid to the Vendor upon signing of the Provisional S&P Agreement;
- (b) a further deposit of HK\$11,400,000 (the “**Further Deposit**”) has been paid to the Vendor on 31 October 2012; and
- (c) the remaining balance of the Purchase Prices of HK\$205,200,000 will be satisfied in full by the Purchasers upon Completion.

The Company intends to satisfy the Purchase Prices by a combination of internal resources of the Group and bank mortgage financing to the extent where available.

Completion:

Completion will take place on or before 1 March 2013.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Properties will be held by the Group as an investment producing rental income. The Board is confident in the retail property market in Hong Kong because of the buoyant retail market boosted by strong local demand and increasing number of overseas visitors especially from the mainland China. As such, the Board believes that the Acquisition represents a good investment as the Group will earn a stream of rental income from the Properties and the Group will benefit from long term capital gains in the event the Properties appreciate in value in the future.

On the above basis, the Directors (including the independent non-executive Directors) consider that the terms of the Provisional S&P Agreement, the Formal Agreement(s) (if applicable) and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

None of the Directors has any material interest in the Provisional S&P Agreement, the Formal Agreement(s) (if applicable) and the Acquisition and therefore, none of them abstained from voting on the Board resolution(s) which approved the Provisional S&P Agreement, the Formal Agreement(s) (if applicable) and the Acquisition.

FINANCIAL EFFECT OF THE ACQUISITION

The Company intends to finance the Purchase Prices as to HK\$114,000,000 by internal resources of the Group and as to the balance of HK\$114,000,000 by mortgage loan. Following the Acquisition, the total assets of the Group are expected to increase by approximately HK\$125,000,000 representing the sum of the Purchase Prices and the capitalised expenses less the amount of the Purchase Prices funded by internal resources. On the other hand, the net asset value of the Group is expected to remain unchanged as the increase in investment property will be offset by the decrease in cash balances and increase in liabilities (representing mortgage loan to be borrowed to fund part of the Purchase Prices) of the Group.

Subject to the audit by the auditors of the Group, the consideration paid and the related expenses for the acquisition of the Properties will be recognised by the Group in the consolidated statement of financial position as non-current assets. The Properties will derive rental income and therefore the Acquisition will have positive effects on the earnings of the Group.

INFORMATION OF THE PURCHASER, THE COMPANY AND THE GROUP

Each of the Purchasers is an indirect wholly-owned subsidiary of the Company and its principal activity is investment.

The Company is the holding company of the Group, which is principally engaged in (i) the manufacture and sale of telecom, electronic and child products; (ii) the manufacture and sale of components; (iii) the securities business; (iv) the property development; and (v) the property investment and holding.

INFORMATION OF THE VENDOR

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is a company engaged in property development business.

LISTING RULES IMPLICATIONS

In respect of the Acquisition, the applicable percentage ratios, where applicable, calculated by reference to Rule 14.07 of the Listing Rules, are 25% or more but less than 100%. Accordingly, the Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Shareholders has any material interest in the Acquisition and no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Acquisition.

LETTER FROM THE BOARD

The Company has obtained written approval for the Acquisition in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Mr. Mak, Capital Force, New Capital and Capital Winner, which together are beneficially interested in an aggregate of 303,250,731 Shares, representing approximately 50.03% of the entire issued capital of the Company as at the Latest Practicable Date. The shareholding in Capital Force, New Capital and Capital Winner are wholly-owned by Mr. Mak, his spouse and his two sons. As at the Latest Practicable Date, Mr. Mak, Capital Force, New Capital and Capital Winner holds 8,475,652 Shares, 96,868,792 Shares, 171,357,615 Shares and 26,548,672 Shares respectively, representing approximately 1.40%, 15.98%, 28.27% and 4.38% respectively of the entire issued capital of the Company. On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Acquisition; and (ii) the written approval of the Acquisition from a closely allied group of Shareholders comprising Mr. Mak, Capital Force, New Capital and Capital Winner as mentioned above has been obtained, no special general meeting will be convened for the purpose of approving the Acquisition as permitted under Rule 14.44 of the Listing Rules. The information contained in this circular is for information only.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

OTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
CCT TELECOM HOLDINGS LIMITED
Mak Shiu Tong, Clement
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group: (i) for the six months ended 30 June 2012 is disclosed on pages 15 to 32 of the 2012 interim report of the Company dated 31 August 2012; (ii) for the year ended 31 December 2011 is disclosed on pages 47 to 132 of the 2011 annual report of the Company dated 29 March 2012; (iii) for the year ended 31 December 2010 is disclosed on pages 41 to 120 of the 2010 annual report of the Company dated 29 March 2011; and (iv) for the year ended 31 December 2009 is disclosed on pages 42 to 121 of the 2009 annual report of the Company dated 20 April 2010.

All these financial statements have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (http://www.cct.com.hk/eng/investor/annual_reports.php).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2012 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had total outstanding bank and other borrowings of approximately HK\$987 million, of which HK\$923 million were guaranteed by the Company and its subsidiaries. The bank and other borrowings comprised secured bank borrowings of approximately HK\$923 million, unsecured bank borrowings of approximately HK\$62 million and secured obligations under finance lease contracts of approximately HK\$2 million. The secured bank and other borrowings of the Group were secured by (i) charges on certain assets (including properties) held by the Group with aggregate net book values of approximately HK\$1,355 million as at 31 October 2012; and (ii) pledge of certain fixed deposits of the Group of approximately HK\$185 million as at 31 October 2012.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 October 2012.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the rates of the exchange prevailing at the close of business on 31 October 2012.

3. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that the Group will, after taking into account the effect of the Acquisition, and the present internal financial resources available to the Group including internally generated cash flows and the existing banking and credit facilities available, have sufficient working capital for its present requirements in next 12 months from the date of this circular in the absence of unforeseen material circumstances.

Set out below is the letter from FTO on the unaudited pro forma statement of assets and liabilities of the Group.



Room 2303, 23rd Floor
China Insurance Group Building
141 Des Voeux Road Central
Central
Hong Kong

27 December 2012

To Directors
CCT Telecom Holdings Limited

We report on the unaudited pro forma statement of assets and liabilities of CCT Telecom Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which has been prepared by the directors for illustrative purposes only, to provide information about how the acquisition of properties located at (i) Shop A on Ground Floor (together with part of the Ground Floor pavement adjoining thereto and the A/C platform on Second Floor); (ii) Shop B on Ground Floor (together with part of the Ground Floor pavement adjoining thereto and the A/C platform on First Floor); (iii) Shop A on First Floor (together with A/C platform on Second Floor, the lift lobby on Ground Floor and part of the Ground Floor pavement adjoining thereto, the lift and ancillary lift installation, the lift shaft and the lift landing); and (iv) Shop B on First Floor (with A/C platform), of Gramercy Hong Kong for a total consideration of HK\$228,000,000 might have affected the statement of assets and liabilities presented, for inclusion as Appendix II to circular of the Company dated 27 December 2012 (the “**Circular**”). The basis of preparation of the unaudited pro forma statement of assets and liabilities is set out on page 15 to 17 to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma statement of assets and liabilities in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma statement of assets and liabilities and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma statement of assets and liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of assets and liabilities with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of assets and liabilities has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma statement of assets and liabilities is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2012 or any future date.

OPINION

In our opinion:

- a. the unaudited pro forma statement of assets and liabilities has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

FTO CPA Limited

Certified Public Accountants

Tsoi Ying Ho

Practising Certificate Number P04875

Hong Kong

APPENDIX II**UNAUDITED PRO FORMA STATEMENT
OF ASSETS AND LIABILITIES OF THE GROUP****INTRODUCTION TO THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND
LIABILITIES OF THE GROUP**

Capitalised terms used herein shall have the same meanings as those defined in this circular, unless the context requires otherwise.

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition as if the Acquisition had taken place on 30 June 2012.

This unaudited pro forma statement of assets and liabilities of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Acquisition been completed as at 30 June 2012 or at any future date.

<i>HK\$ million</i>	The Group as at 30 June 2012 <i>Note (a)</i>	Pro forma adjustments <i>Note (b)</i>	Pro forma total of the Group
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	858	—	858
Investment properties	286	239	525
Prepaid land lease payments	99	—	99
Goodwill	87	—	87
Available-for-sale investments	26	—	26
Held-to-maturity debt securities	51	—	51
Other receivable	14	—	14
Deferred tax assets	<u>1</u>	<u>—</u>	<u>1</u>
Total non-current assets	<u>1,422</u>	<u>239</u>	<u>1,661</u>
CURRENT ASSETS			
Inventories	126	—	126
Property under development	235	—	235
Completed properties held for sale	362	—	362
Investment property classified as held for sale	170	—	170
Trade receivables	288	—	288
Prepayment, deposits and other receivables	289	—	289
Financial assets at fair value through profit or loss	28	—	28
Pledged time deposits	398	—	398
Cash and cash equivalents	<u>456</u>	<u>(125)</u>	<u>331</u>
Total current assets	<u>2,352</u>	<u>(125)</u>	<u>2,227</u>
Total assets	<u><u>3,774</u></u>	<u><u>114</u></u>	<u><u>3,888</u></u>

APPENDIX II
**UNAUDITED PRO FORMA STATEMENT
OF ASSETS AND LIABILITIES OF THE GROUP**

<i>HK\$ million</i>	The Group as at 30 June 2012 <i>Note (a)</i>	Pro forma adjustments <i>Note (b)</i>	Pro forma total of the Group
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital	61	—	61
Reserves	<u>1,763</u>	<u>—</u>	<u>1,763</u>
	1,824	—	1,824
Non-controlling interests	<u>266</u>	<u>—</u>	<u>266</u>
Total equity	<u>2,090</u>	<u>—</u>	<u>2,090</u>
NON-CURRENT LIABILITIES			
Derivative financial instrument	14	—	14
Interest-bearing bank loans and other borrowings	442	108	550
Other payable	16	—	16
Deferred tax liabilities	<u>29</u>	<u>—</u>	<u>29</u>
Total non-current liabilities	<u>501</u>	<u>108</u>	<u>609</u>
CURRENT LIABILITIES			
Trade and bills payables	358	—	358
Tax payable	35	—	35
Other payables and accruals	189	—	189
Receipts in advance	2	—	2
Interest-bearing bank and other borrowings	<u>599</u>	<u>6</u>	<u>605</u>
Total current liabilities	<u>1,183</u>	<u>6</u>	<u>1,189</u>
Total liabilities	<u>1,684</u>	<u>114</u>	<u>1,798</u>
Total equity and liabilities	<u>3,774</u>	<u>114</u>	<u>3,888</u>
Net current assets	<u>1,169</u>	<u>(131)</u>	<u>1,038</u>
Total assets less current liabilities	<u>2,591</u>	<u>108</u>	<u>2,699</u>

Notes:

- (a) The unaudited consolidated statement of financial position of the Group as at 30 June 2012 was extracted from the published interim report of the Group for the period ended 30 June 2012.
- (b) The adjustment represents accounting treatments in relation to acquisition of the Properties by the Group. The Properties will be classified as investment properties in the accounts. The aggregate consideration of the Acquisition is HK\$239 million of which approximately HK\$228 million is the Purchase Prices and the balance of HK\$11 million represents direct expenses (including stamp duty, property agent commission, registration fee, legal costs and printing and mailing costs of the Circular) relating to the Acquisition. In preparing the unaudited pro forma statement of assets and liabilities, it is assumed that the Group will settle the consideration and direct expenses as to HK\$125 million by internal resources and as to HK\$114 million (approximately 50% of the Purchase Prices) by mortgage bank loan. It is also assumed that the mortgage bank loan of HK\$114 million will have a maturity of 15 years, of which \$6 million will be classified as current liability and \$108 million will be classified as non-current liability.
- (c) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2012.

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 17 October 2012 of the property interest to be held by the Group in Hong Kong.

**GRANT SHERMAN**

Room 1005 on 10/F AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

27 December 2012

The Directors
CCT Telecom Holdings Limited
31st Floor, Fortis Tower,
77–79 Gloucester Road,
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests to be held by CCT Telecom Holdings Limited (“**the Company**”) or (“**CCT Telecom**”) and its subsidiaries (together referred to as “**the Group**”) located in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such interests as at 17 October 2012 (the “**Valuation Date**”) for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interests in Hong Kong, we have adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the subject properties.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors.

We have caused searches to be made on the title of the properties at the Land Registry in Hong Kong, however, we have not scrutinized the original title documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us.

In valuing the property interests which are situated in Hong Kong and held under the government leases which will be expired before 30th June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30th June 2047 and that an annual rent of three percent of the rateable value of the properties would be charged from the date of extension.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as statutory notices, easements, tenure, occupancy, floor areas, identification of the properties and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have relied on the Company's confirmation that no material fact has been omitted from the information so supplied. All documents have been used as reference only. All dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior of the properties in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, no structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the properties are free of rot, infestation or any structural defect. No tests have been carried out on any of the building services.

Unless otherwise stated, all sums in our valuation are in Hong Kong Dollars.

We enclose herewith the summary of valuation and the valuation certificates.

Respectfully submitted,

For and on behalf of

GRANT SHERMAN APPRAISAL LIMITED

Lawrence Chan Ka Wah

MRICS MHKIS RPS(GP)

Director

Real Estate Group

Note: Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and Registered Professional Surveyors in the General Practice Section, who has over 9 years experience in the valuation of properties in Hong Kong, Macau, Taiwan, the PRC and the Asian Rim.

SUMMARY OF VALUATION

Property interests to be held by the Group for investment purpose in Hong Kong

Properties	Market value in existing state as at 17 October 2012
1. Shop A on Ground Floor (together with part of the Ground Floor pavement adjoining thereto and the A/C platform on Second Floor), Gramercy, No. 38 Caine Road, Hong Kong	HK\$129,000,000
2. Shop B on Ground Floor (together with part of the Ground Floor pavement adjoining thereto and A/C platform on First Floor), Gramercy, No. 38 Caine Road, Hong Kong	HK\$56,700,000
3. Shop A on First Floor (together with A/C platform on Second Floor, the lift lobby on Ground Floor and part of the Ground Floor pavement adjoining thereto, the lift and ancillary lift installation, the lift shaft and the lift landing), Gramercy, No. 38 Caine Road, Hong Kong	HK\$33,900,000
4. Shop B on First Floor (with A/C platform), Gramercy, No. 38 Caine Road, Hong Kong	HK\$10,400,000
Total	<u>HK\$230,000,000</u>

VALUATION CERTIFICATE

Property interests to be held by the Group for investment purpose in Hong Kong

Property and Tenure	Description of the Properties	Particular of occupancy	Market value in existing state as at 17 October 2012
1. Shop A on Ground Floor (together with part of the Ground Floor pavement adjoining thereto and the A/C platform on Second Floor), Gramercy, No. 38 Caine Road, Hong Kong	The property comprise a shop unit on Ground Floor of a 32-storey composite building completed in about 2012. The property has a total gross floor area of approximately 3,225 sq.ft.	The property was vacant as at the Valuation Date.	HK\$129,000,000
2,150/89,772th equal and undivided shares of and in the remaining portion of section A of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of section B of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of sub-section 5 of section A of Inland Lot No. 150, the remaining portion of section A of Inland Lot No. 150 and the remaining portion of sub-section 1 of section A of Inland Lot No. 150.	The property is held under government lease for a term of 999 years commencing from 1 February 1855. The Government rent payable for the remaining portion of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of section A of Inland Lot No. 150 and the remaining portion of sub-section 1 of section A of Inland Lot No. 150 are as \$4, \$4.8 and \$6 per annum respectively.		

Notes:

- (i) Pursuant to the Land Register, the registered owner of the property is Fine Mean Limited, registered vide Memorial No. 10012903380053 dated 31 December 2009.
- (ii) The property is subject to a building mortgage in favor of Hang Seng Bank Limited vide Memorial No. 10061803160661 dated 20 May 2010.
- (iii) The property is subject to occupation permit No.HK 48/2012 (OP) subject to registration vide Memorial No. 12101602660019 dated 27 September 2012.
- (iv) Pursuant to the Mid-Levels West Outlined Zoning Plan (Plan No.: S/H11/15), the area where the property situated is zoned as "Residential (Group A)".
- (v) As at 17 October 2012, a provisional sale and purchase agreement was signed by Goldbay Capital Limited ("Goldbay Capital"), an indirect wholly-owned subsidiary of the Company, with Fine Mean Limited pursuant to which properties 1 to 4 will be taken up by Goldbay Capital and other subsidiaries of CCT Telecom in accordance with the terms of the Provisional S&P Agreement, at a total consideration of HK\$228,000,000.
- (vi) The property is inspected by Ms. Fiona Tsung (BSc (Hons) in Real Estate) on 26 November 2012. Upon our inspection, the external condition of the property is good.
- (vii) The building where the property located is situated at Caine Road, Central. The vicinity is mainly comprised of medium to high-rise composite buildings built under various ages. The locality is accessible via bus and taxi. The subject building is within 15 minutes walking distance to Central MTR Station. According to the statistics from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.6%.

VALUATION CERTIFICATE

Property and Tenure	Description of the property	Particular of occupancy	Market value in existing state as at 17 October 2012
2. Shop B on Ground Floor (together with part of the Ground Floor pavement adjoining thereto and A/C platform on First Floor), Gramercy, No. 38 Caine Road, Hong Kong 945/89,772th equal and undivided shares of and in the remaining portion of section A of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of section B of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of sub-section 5 of section A of Inland Lot No. 150, the remaining portion of section A of Inland Lot No. 150 and the remaining portion of sub-section 1 of section A of Inland Lot No. 150.	The property comprises a shop unit on Ground Floor of a 32-storey composite building completed in about 2012. The property has a total gross floor area of approximately 1,418 sq.ft. The property is held under government lease for a term of 999 years commencing from 1 February 1855. The Government rent payable for the remaining portion of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of section A of Inland Lot No. 150 and the remaining portion of sub-section 1 of section A of Inland Lot No. 150 are as \$4, \$4.8 and \$6 per annum respectively.	The property was vacant as at the Valuation Date.	HK\$56,700,000

Notes:

- (i) Pursuant to the Land Register, the registered owner of the property is Fine Mean Limited, registered vide Memorial No. 10012903380053 dated 31 December 2009.
- (ii) The property is subject to a building mortgage in favor of Hang Seng Bank Limited vide Memorial No. 10061803160661 dated 20 May 2010.
- (iii) The property is subject to occupation permit No.HK 48/2012 (OP) subject to registration vide Memorial No. 12101602660019 dated 27 September 2012.
- (iv) Pursuant to the Mid-Levels West Outlined Zoning Plan (Plan No.: S/H11/15), the area where the property situated is zoned as “Residential (Group A)”.
- (v) As at 17 October 2012, a provisional sale and purchase agreement was signed by Goldbay Capital Limited (“**Goldbay Capital**”), an indirect wholly-owned subsidiary of the Company, with Fine Mean Limited pursuant to which properties 1 to 4 will be taken up by Goldbay Capital and other subsidiaries of CCT Telecom in accordance with the terms of the Provisional S&P Agreement, at a total consideration of HK\$228,000,000.
- (vi) The property was inspected by Ms Fiona Tsung (BSc (Hons) in Real Estate) on 26 November 2012. Upon our inspection, the external condition of the property is good.
- (vii) The building where the property located is situated at Caine Road, Central. The vicinity is mainly comprised of medium to high-rise composite buildings built under various ages. The locality is accessible via bus and taxi. The subject building is within 15 minutes walking distance to Central MTR Station. According to the statistics from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.6%.

VALUATION CERTIFICATE

Property and Tenure	Description of the property	Particular of occupancy	Market value in existing state as at 17 October 2012
3. Shop A on First Floor (together with A/C platform on Second Floor, the lift lobby on Ground Floor and part of the Ground Floor pavement adjoining thereto, the lift and ancillary lift installation, the lift shaft and the lift landing), Gramercy, No. 38 Caine Road, Hong Kong	The property comprises a shop unit on 1st Floor of a 32-storey composite building completed in about 2012. The property has a total gross floor area of approximately 3,756 sq.ft. The property is held under government lease for a term of 999 years commencing from 1 February 1855. The Government rent payable for the remaining portion of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of section A of Inland Lot No. 150 and the remaining portion of sub-section 1 of section A of Inland Lot No. 150 are as \$4, \$4.8 and \$6 per annum respectively.	The property was vacant as at the Valuation Date.	HK\$33,900,000
2,504/89,772th equal and undivided shares of and in the remaining portion of section A of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of section B of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of sub-section 5 of section A of Inland Lot No. 150, the remaining portion of section A of Inland Lot No. 150 and the remaining portion of sub-section 1 of section A of Inland Lot No. 150.			

Notes:

- (i) Pursuant to the Land Register, the registered owner of the property is Fine Mean Limited, registered vide Memorial No. 10012903380053 dated 31 December 2009.
- (ii) The property is subject to a building mortgage in favor of Hang Seng Bank Limited vide Memorial No. 10061803160661 dated 20 May 2010.
- (iii) The property is subject to occupation permit No.HK 48/2012 (OP) subject to registration vide Memorial No. 12101602660019 dated 27 September 2012.
- (iv) Pursuant to the Mid-Levels West Outlined Zoning Plan (Plan No.: S/H11/15), the area where the property situated is zoned as “Residential (Group A)”.
- (v) As at 17 October 2012, a provisional sale and purchase agreement was signed by Goldbay Capital Limited (“**Goldbay Capital**”), an indirect wholly-owned subsidiary of the Company, with Fine Mean Limited pursuant to which properties 1 to 4 will be taken up by Goldbay Capital and other subsidiaries of CCT Telecom in accordance with the terms of the Provisional S&P Agreement, at a total consideration of HK\$228,000,000.
- (vi) The property was inspected by Ms Fiona Tsung (BSc (Hons) in Real Estate) on 26 November 2012. Upon our inspection, the external condition of the property is good.
- (vii) The building where the property located is situated at Caine Road, Central. The vicinity is mainly comprised of medium to high-rise composite buildings built under various ages. The locality is accessible via bus and taxi. The subject building is within 15 minutes walking distance to Central MTR Station. According to the statistics from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.6%.

VALUATION CERTIFICATE

Property and Tenure	Description of the property	Particular of occupancy	Market value in existing state as at 17 October 2012
4. Shop B on First Floor (with A/C platform), Gramercy, No. 38 Caine Road, Hong Kong	The property comprises a shop unit on 1st Floor of a 32-storey composite building completed in about 2012.	The property was vacant as at the Valuation Date.	HK\$10,400,000
853/89,772th equal and undivided shares of and in the remaining portion of section A of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of section B of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of sub-section 5 of section A of Inland Lot No. 150, the remaining portion of section A of Inland Lot No. 150 and the remaining portion of sub-section 1 of section A of Inland Lot No. 150.	The property has a total gross floor area of approximately 1,279 sq.ft. The property is held under government lease for a term of 999 years commencing from 1 February 1855. The Government rent payable for the remaining portion of sub-section 4 of section A of Inland Lot No. 150, the remaining portion of section A of Inland Lot No. 150 and the remaining portion of sub-section 1 of section A of Inland Lot No. 150 are as \$4, \$4.8 and \$6 per annum respectively.		

Notes:

- (i) Pursuant to the Land Register, the registered owner of the property is Fine Mean Limited, registered vide Memorial No. 10012903380053 dated 31 December 2009.
- (ii) The property is subject to a building mortgage in favor of Hang Seng Bank Limited vide Memorial No. 10061803160661 dated 20 May 2010.
- (iii) The property is subject to occupation permit No.HK 48/2012 (OP) subject to registration vide Memorial No. 12101602660019 dated 27 September 2012.
- (iv) Pursuant to the Mid-Levels West Outlined Zoning Plan (Plan No.: S/H11/15), the area where the property situated is zoned as “Residential (Group A)”.
- (v) As at 17 October 2012, a provisional sale and purchase agreement was signed by Goldbay Capital Limited (“Goldbay Capital”), an indirect wholly-owned subsidiary of the Company, with Fine Mean Limited pursuant to which properties 1 to 4 will be taken up by Goldbay Capital and other subsidiaries of CCT Telecom in accordance with the terms of the Provisional S&P Agreement, at a total consideration of HK\$228,000,000.
- (vi) The property was inspected by Ms Fiona Tsung (BSc (Hons) in Real Estate) on 26 November 2012. Upon our inspection, the external condition of the property is good.
- (vii) The building where the property located is situated at Caine Road, Central. The vicinity is mainly comprised of medium to high-rise composite buildings built under various ages. The locality is accessible via bus and taxi. The subject building is within 15 minutes walking distance to Central MTR Station. According to the statistics from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.6%.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Against a backdrop of global economic uncertainties, the management of the Group will strive to improve its performance in the second half of this year. The Directors expect orders to increase in the second half as compared to the first half as there is sign to show that customers have started to replenish inventory. The Group will continue to develop and roll out advanced and innovative products which can deliver multiple functions at competitive prices. The Group will strive to maintain a competitive position in the phone business and to penetrate further into the emerging residential multimedia android device market.

High production costs will remain a major challenge to the performance of the manufacturing business of the Group. The management expects labour wages in China will increase further, due to shortage of labour. To combat rising costs, the management has taken cost control as an important task of its daily routine and continuous effort will be taken to drive productivity and efficiency.

The Group has established a strong foothold in the contract manufacturing service (“CMS”) market. Its effective productivity and excellent track record of product quality has achieved favourable market response. The Board is confident on the growth potential of its CMS business and is committed to put in more resources in expanding such business by gaining new customers and expanding its product range and mix.

The Group’s property development business continued to deliver solid results in the first half of 2012 despite a slowing property market in China. The Board believe the prospects of the China’s housing market will benefit in the future from improved market liquidity and sentiment. The Group will step up the sale effort on the property projects in the second half this year. The Group will strive to increase sales in the second half, in a slow market. The Directors are confident that this business segment will continue to deliver strong results in the coming years and will become a key driver for our revenue and profitability growth in the future.

The Directors are optimistic about the property market in Hong Kong as supply falls short of demand at least in the next few years, notwithstanding the Hong Kong government’s determination to increase land supply. The Directors take the view that the Hong Kong property market will remain robust in the long run, boosted by the strong local demand, the huge influx of foreign investment (notably from China) and the low interest rate environment.

The financial position of the Group remains solid and healthy. The Group maintains sufficient working capital and the gearing ratio of the Group remains at a reasonable level.

The Directors consider the Acquisition to be a wise investment. The Directors have confidence in the Hong Kong retail property market and believe that price of retail properties will go up in the long term because of the buoyant retail market boosted by increasing number of visitors from the mainland China. In addition to earn a stream of rental income, the Directors also believe that the Acquisition may produce potential capital gain in the future through appreciation in the value of the Properties.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the shares and the underlying shares of the Company and its associated corporation

As at the Latest Practicable Date, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(1) *Interests and short positions in the Shares and the underlying Shares as at the Latest Practicable Date*

Long positions in the Shares:

Name of the Directors	Number of the Shares interested and nature of interest			Approximate percentage of the total issued share capital of the Company (%)
	Personal	Corporate	Total	
Mr. Mak <i>(Note)</i>	8,475,652	294,775,079	303,250,731	50.03
Tam Ngai Hung, Terry	500,000	—	500,000	0.08
William Donald Putt	591,500	—	591,500	0.10

Note: Of the shareholding in which Mr. Mak was interested, an aggregate of 294,775,079 Shares were beneficially held by Capital Force, New Capital and Capital Winner, all of which are corporations wholly-owned by him, his spouse and his two sons. Mr. Mak is deemed to be interested in such Shares under the SFO as he controls the exercise of one-third or more of the voting power at general meetings of Capital Force, New Capital and Capital Winner.

(2) *Interests and short positions in the shares and the underlying shares of an associated corporation — CCT Tech as at the Latest Practicable Date*

Long positions in the shares of CCT Tech:

Name of the Directors	Number of the shares interested and nature of interest			Approximate percentage of the total issued share capital of the CCT Tech (%)
	Personal	Corporate	Total	
Mr. Mak <i>(Note)</i>	—	33,026,391,124	33,026,391,124	50.49
Tam Ngai Hung, Terry	20,000,000	—	20,000,000	0.03
Cheng Yuk Ching, Flora	18,000,000	—	18,000,000	0.03
Chen Li	10,000,000	—	10,000,000	0.02

Note: The interest disclosed represents 33,026,391,124 shares of CCT Tech held by the Company through its indirect wholly-owned subsidiaries. Mr. Mak is deemed to be interested in such shares of CCT Tech under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the Company through his interest in the shareholding of approximately 50.03% of the total issued share capital in the Company as at the Latest Practicable Date.

(b) Particulars of the Directors' other interests

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with the Company or any other member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of any compensation, other than statutory compensation).

(c) Save as disclosed above, as at the Latest Practicable Date

- (i) none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange;

- (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2011, being the date of the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting and which was significant in relation to the business of the Group taken as a whole.

(d) Substantial Shareholders' interests

As at the Latest Practicable Date, so far as was known to, or could be ascertained after reasonable enquiries by, the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares as at the Latest Practicable Date:

Name of the Shareholders	Number of the Shares held	Approximate percentage of the total issued share capital of the Company (%)
Capital Force (<i>Note</i>)	96,868,792	15.98
New Capital (<i>Note</i>)	171,357,615	28.27

Note: Capital Force and New Capital are corporations controlled by Mr. Mak, his spouse and his two sons. Mr. Mak is deemed to be interested in the above-mentioned Shares as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Capital Force and New Capital. Mr. Mak's interest in such Shares has been disclosed in sub-section (a) (1) of this section.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares and the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given opinions and advice which are contained in this circular:

Name	Qualification
FTO	Certified Public Accountants
Grant Sherman	professional valuer

- (i) Neither FTO nor Grant Sherman had any shareholding, directly or indirectly, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group as at the date of this circular;
- (ii) Both FTO and Grant Sherman have given their consent and neither of them has withdrawn its written consent to the issue of this circular with the inclusion herein of their letters dated 27 December 2012 and/or reference to their names in the form and context in which they are included; and
- (iii) Neither FTO nor Grant Sherman had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

Save as disclosed in the interim report of the Group for the period ended 30 June 2012, the Directors have confirmed that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

The Acquisition will not have any adverse effect on the operation, liquidity and financial resources, and capital structure of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date which are, or may be, material:

- (i) the Formal Agreement(s) (if applicable);
- (ii) the Provisional S&P Agreement;
- (iii) the formal sale and purchase agreement dated 14 August 2012 entered into between (1) Goldbay Property (China) Limited (“**Goldbay Property China**”, an indirect wholly-owned subsidiary of the Company), which has been nominated by another indirect wholly-owned subsidiary of the Company, Goldbay Investments Limited (“**Goldbay Investments**”), as the purchaser; and (2) Maycarol Company Limited (“**Maycarol**”) (an independent third party) as the vendor, pursuant to which Maycarol will sell and Goldbay Property China will buy the shops situated at Units No. 1–33, 34A, 34B, 36A, 36B and 38–45 on the Portion of the Basement of Podium of Blocks 1, 2 and 3 City Garden, No. 233 Electric Road, Hong Kong at a consideration of HK\$159,800,000;
- (iv) the provisional sale and purchase agreement dated 30 July 2012 entered into between Goldbay Investments or its nominee as the purchaser and Maycarol as the vendor in relation to the sale and purchase of the shops as referred to in paragraph (iii) above;
- (v) the formal sale and purchase agreement dated 7 August 2012 entered into between (1) Goldbay Investments as the vendor; and (2) Metro Dragon International Limited (“**Metro Dragon**”) (an independent third party) as the purchaser, in relation to the sale and purchase of the office property situated at the whole floor of 17th Floor of CCT Telecom Building, No. 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong at a consideration of HK\$42,700,000;
- (vi) the provisional sale and purchase agreement dated 24 July 2012 entered into between Goldbay Investments as the vendor and Metro Dragon as the purchaser in relation to the sale and purchase of the office property as referred to in paragraph (v) above;
- (vii) the formal sale and purchase agreement dated 15 September 2011 entered into amongst (1) FBT 27–32 Company Limited (“**FBT**”) (an independent third party) as the vendor; and (2) Charter Base Development Limited (“**Charter Base**”) and Huge Partner Limited (“**Huge Partner**”), both being indirect wholly-owned subsidiaries of the Company, as the purchasers, in relation to: (a) the purchase by Charter Base of the office properties situated at all those 31st Floor and 32nd Floor and the car parking spaces no. 5–10 on the 1st Floor; and (b) the purchase by Huge Partner of the car parking space no.11 on the 1st Floor, of Fortis Tower at Nos. 77–79 Gloucester Road in Hong Kong, at a total consideration of HK\$161,139,000;

- (viii) the provisional sale and purchase agreement dated 31 August 2011 entered into amongst FBT as the vendor and Charter Base and Huge Partner together as the purchasers in relation to the sale and purchase of the properties as referred to in paragraph (vii) above;
- (ix) the subscription agreement dated 2 August 2011 entered into amongst (1) Inventive Products Holdings Limited (“**IPHL**”, an indirect wholly-owned subsidiary of the Company) as the subscriber; (2) InnoMed Scientific International Limited (“**InnoMed BVI**”) as the target company; and (3) InnoMed Scientific Limited (the “**InnoMed Owner**”) and Mr. Ty Tiefeng Hu (“**Mr. Hu**”) as warrantors, in respect of the subscription of new shares in InnoMed BVI at a consideration of US\$6,000,000;
- (x) the call option agreement dated 2 August 2011 entered into between IPHL and the InnoMed Owner regarding the grant of call option by IPHL to the InnoMed Owner at a consideration of US\$1,800,000;
- (xi) the shareholders’ agreement of InnoMed BVI dated 2 August 2011 entered into amongst IPHL, the InnoMed Owner, InnoMed BVI and Mr. Hu;
- (xii) the agreement dated 23 June 2011 entered into between Shine Best Developments Limited (an indirect wholly-owned subsidiary of the Company), as the vendor, and an independent third party as the purchaser, in relation to the disposal of a piece of industrial land with an area of approximately 450,000 square meters in Shang Pai Lot Ban Pai, Shi Wei Cun Ai Ling, San He Development Zone, Huiyang District, Huizhou City, Guangdong Province, the People’s Republic of China, at a consideration of RMB130,500,000;
- (xiii) the sale and purchase agreement dated 22 November 2010 entered into between Manistar Enterprises Limited (an indirect wholly-owned subsidiary of the Company) as the vendor, and an independent third party as the purchaser, in relation to the disposal of 700,000,000 shares of Merdeka Resources Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, at a consideration of HK\$67,900,000;
- (xiv) the sale and purchase contract dated 29 October 2010 entered into between 東莞偉迪電子有限公司 (Dongguan Wiltec Electronics Company Limited) (an indirect wholly-owned subsidiary of the Company) as the purchaser, and an independent third party as the vendor, in relation to the acquisition of office premises situated at 深圳市羅湖區深華商業大廈裙樓5樓506至511單位 (Units 506–511, Qun Tower, 5/F., Shen Hua Commercial Building, Luohu District, Shenzhen) at a purchase price of RMB19,980,492; and

- (xv) the sale and purchase contract dated 29 October 2010 entered into between 惠陽中建電訊制品有限公司 (Huiyang CCT Telecommunications Products Co., Ltd.) (an indirect wholly-owned subsidiary of CCT Tech) as the purchaser, and an independent third party as the vendor, in relation to the acquisition of office premises situated at 深圳市羅湖區深華商業大廈裙樓5樓501至505, 512及513單位 (Units 501–505, 512 and 513, Qun Tower, 5/F., Shen Hua Commercial Building, Luohu District, Shenzhen) at a purchase price of RMB35,005,324.

9. MISCELLANEOUS

- (a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the head office and the principal place of business of the Company in Hong Kong is located at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Mr. Tam Ngai Hung, Terry, who is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and the principal place of business of the Company in Hong Kong at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong during normal business hours on any business day from the date of this circular up to 14 days thereafter:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the unaudited pro forma statement of assets and liabilities of the Group and the comfort letter from FTO on pro forma statement of assets and liabilities, the text of which is set out in Appendix II to this circular;
- (c) the valuation report on the Properties, the text of which is set out in Appendix III to this circular;
- (d) the written consent from Grant Sherman and FTO referred to in the section headed "Qualifications and Consents of Experts" in this appendix;
- (e) the annual reports of the Company for the three financial years ended 31 December 2011;

- (f) the interim reports of the Company for the six months ended 30 June 2011 and 2012;
- (g) the circular of the Company dated 14 September 2012;
- (h) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (i) the Formal Agreement(s) (if applicable);
- (j) the Provisional S&P Agreement; and
- (k) this circular.